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MESSAGE

OF

GOVERNOR JOS. M. DIXON

TO THE

SEVENTEENTH LEGISLATIVE ASSEMBLY

OF THE

STATE OF MONTANA

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GOVERNOR'S MESSAGE

Members of the Seventeenth Legislative Assembly:

The Constitution of Montana directs the Governor, at the beginning of each legislative session, to "give to the Legislative Assembly information of the condition of the State and recommend such measures as he shall deem expedient."

In conformity with that provision, I now submit for your consideration some of the matters that I deem most urgent.

The statements as to the actual financial situation that now confronts the people of this State are made in the hope that it may awaken us from the lethargic state of mind with which we have been disposed to regard these matters.

The recommendations and suggestions that follow are not made in a perfunctory way, but with the sincere belief that they are things that this Legislature can do and ought to do for Montana.

A very large majority of the people of this State have entrusted us, temporarily, with the power and duties of their State government. I believe they are expecting more at our hands than has ordinarily been the case in this State. Upon our good or ill performance of the task entrusted depends the tenure of our stewardship.

If this Legislature will get down to business immediately, in a real spirit of public service; restrict the number of its employees to its actual needs; introduce as few bills and enact as few laws as possible; refrain from legislation in behalf of any special interest, and then adjourn, the people of Montana will rise up and call you blessed.

Montana has just passed through four of the most trying years in her history. During the great war her young men were drafted for the national army upon a population basis of 940,000, while the census returns gave us only 548,889.

We sent overseas and into the training camps about 40,000 men, nearly double the quota demanded from any other state, as related to its actual man power.

Our excess quota of war bonds was allotted on the same fictitious basis of population.

In contradistinction to these things, our interior geographical location prevented us sharing in the financial prosperity that came to communities more favorably situated to the great war industrial activities.

In addition, during these four years we experienced the greatest drouths in our whole history, which bore with heavy pressure on the unirrigated sections of the State.

Despite these handicaps, and with an area of territory approximating three times that of either Ohio, Wisconsin, or Iowa, and with a population approximating one-tenth of these states, in a commendable spirit of emulation and desire to even excel the progressive legislation and accomplishment of these older, richer, more densely populated states, Montana has been pushing to the front in the matters of schools, roads, municipal improvements, the care of the physically defective, the insane, sanitation, relief for the widows and orphans, and other humane movements for the betterment of society. With the forward-looking, optimistic spirit of the West, we have gone forward, sometimes, I fear, not heeding or counting the ultimate financial cost.

OUR FINANCIAL SITUATION.

In no spirit of captious criticism of what has been done, and with full approbation of the altruistic intent of our people, the responsibility that now devolves upon me as the Governor of Montana and upon you as members of its Legislative Assembly, compels me to candidly call to your attention the financial situation that now confronts us in state, county and municipal governments.

The time has now come when the Governor and the Legislature of Montana must call a halt, if we are to avoid ultimate and serious consequences.

From the best sources of information available, I find that the General Fund of the State, on November 30, 1920, was overdrawn.....$2,129,447
And in addition there were outstanding deficiency claims estimated at 400,000

Thus making the total deficit for the year.....$2,529,447
As against the overdraft on November 30, 1919.....$1,319,222

$1,210,225

In other words, the State government ran in debt this past year $1,210,225, or at the rate of three thousand three hundred fifteen dollars ($3,315.00) per day.

But this does not tell the real story:

From the State Auditor's office comes the following statement as to the estimated condition of the General Fund on March 1, 1921, the approximate date of the conclusion of this session:

General Fund overdraft, November 30, 1920 .....$2,129,447
Estimated General Fund receipts, December (taxes)..... 1,000,000

$1,129,447
Estimated warrants to be drawn in December, 1920..... 200,000

$1,329,447

Estimated General Fund receipts, January and February, 1921	$250,000	
Estimated transfer to General Fund, January and February, 1921	250,000	500,000
		$ 829,447
Estimated normal expenditures, January and February, 1921	650,000	
Estimated Legislative expense, January and February, 1921	165,000	
Estimated deficiency claims, January and February, 1921	400,000	$1,215,000
		$2,044,447

In other words, the state treasury will be in red ink on March 1, 1921, to the extent of over two million dollars ($2,000,000) and with practically no receipts coming in until tax paying time next December.

I know of no legerdemain of finance that will permit the State government to function during the coming year, under the present system of taxation, revenues, and expenditures.

It is known to everyone that during the past year the State government has been kept going by the very questionable plan—resorted to by the State officials as the only seemingly available method of carrying on State government—of issuing warrants and in turn purchcasing its own certificates of indebtedness from money belonging to the School Fund of the State.

In passing, it seems appropriate to call your attention to Section 3, Article XI of the Constitution, which says:

> "Such Public School Fund shall forever remain inviolate, guaranteed by the State against loss or diversion."

THE EVER-RISING TAX LEVY.

But the embarrassment that confronts the people of Montana is by no means confined to the State government itself.

The burden of State government is, in fact, a bagatelle when compared with the cost of local government in the counties, municipalities and school districts.

Ordinarily, the average citizen carries the fixed belief that the State government is largely responsible for heavy taxation. Nothing is farther from the truth.

From some tabulations at hand, I notice that a fair average of tax levies in the various cities and towns of the State would average about 60 mills. The actual levy for State purposes being a fraction under 3 mills, or one-twentieth of the total levy.

In the country districts, probably a fair average in all the counties would be about 45 mills. The State levy being a fraction under 3 mills, only one-

fifteenth of the taxes levied on the farms of the State goes to the State government.

For 1920, the returns show that there was levied and collected in Montana for all purposes, state, county, municipal, and school districts, the sum of $46.70 per capita.

In the towns and cities the per capita levy was $53.35. In the country districts the per capita levy was $41.49.

The purpose for which these taxes were collected being distributed as follows:

State	County	Municipal	School Districts
$2.92	$18.35	$11.86	$20.22

To show you how the tax levy has steadily risen during the past five-year period, the following statement will be of much interest and should lead to serious thinking.

The taxes levied per capita in Montana for the years 1912, 1918, 1919, and 1920, have been as follows:

		Per cent. change from 1912
1912	$26.83	100
1918	39.27	146
1919	41.27	155
1920	46.70	174

For showing the tendency of the purpose for which the taxes were levied, per capita, during the past three years, I submit the following:

	1918	1919	1920
State	$ 3.72	$ 3.01	$ 2.92
County	14.80	16.37	18.35
Public Schools	16.24	17.93	20.22
Cities and Towns	10.30	9.49	11.86
Outside of Cities and Towns	34.76	37.31	41.49
Within Cities and Towns	45.06	46.80	53.35

TAX TOTALS

The totals of all taxes levied upon property in Montana in 1918, 1919, and 1920, for all purposes were as follows:

	1918	1919	1920
State	$ 2,034,925.07	$ 1,646,535.19	$ 1,601,005.95
County	8,103,205.51	8,964,901.41	10,050,046.78
School	8,895,522.18	9,818,318.30	11,073,950.02
Municipal	2,474,234.36	2,279,138.09	2,848,533.83
Totals	$21,507,887.12	$22,708,892.99	$25,573,536.58

STATE AND COUNTY INDEBTEDNESS.

	1918, Dec. 1st	1920, Dec. 1st
STATE—		
Bonds	$1,398,000.00	$1,331,500.00
Warrants	None	1,426,899.11
	$1,398,000.00	$2,758,399.11
	Bonds	Bonds and Warrants
Counties	$ 9,597,644.94	$24,824,050.80
School Districts	6,215,785.00	8,605,670.42
Cities and Towns	6,052,341.20	8,961,096.38
Totals	$21,865,771.14	$42,390,817.60

A summing up of the whole situation shows:

1. That from 1918 to 1920 the tax burden for the whole State increased over $4,000,000.

2. That the cost of county government alone increased in the two years about $2,000,000, or 18 per cent.

3. That the increase in public school taxes during the last two years was more than $2,000,000, or nearly 25 per cent, some counties showing an increase of 60 per cent.

4. That the total tax levied in Montana, for all purposes, in 1912, was $11,244,719, as against $25,573,536 in 1920, an increase of over 125 per cent during the past eight years.

5. That in 1912, according to U. S. census reports, the average per capita tax for the United States was $13.91. At that time Montana showed a per capita tax of $26.83, the largest of any state in the Union, and since then it has increased to the enormous sum of $46.70 for every man, woman, and child in the State.

It should be understood that the above figures do not include "special" taxes also paid for "improvement districts," "hail insurance," etc.

The alarming thing about the matter is the fact that this increasing burden of taxation is falling almost wholly on real estate—farm lands and city property.

The truth is that taxes on real estate has reached the point where it now threatens confiscation. We cannot go farther in that direction and not bring disaster to the State.

INTANGIBLE WEALTH.

We might as well recognize this fact: Intangible and invisible wealth is not bearing its proportion of the burden of taxation.

A year ago, at the meeting of the tax assessors of New York State, Professor Seligman, of the Department of Taxation of Columbia University, and other great experts on the science of taxation, were called upon to help adjust the matter in that State.

In the course of his remarks Professor Seligman made this statement:

That while it was universally agreed that a majority of the wealth of New

York City consisted of intangible or invisible wealth, such as stocks, bonds, mortgages, etc., that real estate in the city carried 96 per cent of the burden of taxation and the intangible wealth of New York City only 4 per cent.

The people of New York, Massachusetts, Wisconsin, California, and in most of the other states, have solved and are solving this crucial question that so seriously threatens.

You ask, how? Largely, through the equalization of the burden between realty and intangible property, by the enactment of laws taxing incomes, inheritance, license tax on public-service corporations and the great industrials.

I think everyone who has given the matter serious thought is in agreement that Montana's tax system is archaic, unscientific, and not adjusted to modern economic conditions. It was written by a former generation of men and fitted to conditions that no longer obtain.

Facing a real crisis in the finances of our State government, and in order to transfer some portion of the present burden from that form of property that makes less net return than any other, and which now carries most of the burden, I now earnestly urge upon you the following plans of relief:

INHERITANCE TAX.

One of the most equitable forms of all taxation, and so recognized in all modern codes of tax laws, is an "Inheritance Tax," graduated according to the amount of estate left by the decedent and differentiating between the direct and collateral heirs.

It is true that we have a so-called "Inheritance Tax" law in Montana, but in the light of modern systems of taxation now in use in nearly all the states, our inheritance tax law must have been intended as a joke. Under the law in our neighboring State of Utah, the State received from the estate of the late E. H. Harriman alone about $800,000. Last year Wisconsin collected from inheritance $1,115,000; California, $6,000,000; Massachusetts, $4,496,507; New York, $21,259,640.

I especially commend to your immediate consideration the Wisconsin inheritance tax law.

	First $25,000	$25,000 to $50,000	$50,000 to $100,000	$100,000 to $500,000	Over $500,000
1st Class—					
Husband, wife, children	1%	2%	3%	4%	5%
2nd Class—					
Brother, sister, nephew, niece	2%	4%	6%	8%	10%
3rd Class—					
Uncle, aunt, cousin	3%	6%	9%	12%	15%
4th Class—					
Brother or sister, grandmother or grandfather	4%	8%	12%	16%	20%
5th Class —					
More distant relatives	5%	10%	15%	20%	25%

AN INCOME TAX.

The great economist, Adam Smith, in his monumental work on "The Wealth of Nations," discussing the question of taxation says:

> "The subjects of every state ought to contribute toward the support of the government as nearly as possible in proportion to their respective abilities; that is, in proportion to the revenues which they respectively enjoy under the protection of the state."

Under our general plan in Montana of levying practically our entire revenue from a property tax alone, we have very largely reversed the true theory of contribution according to our ability to pay.

In the able report of the Special Tax Commission created by the Legislature in 1917, in discussing this phase of taxation the Commissioners, Messrs. Leonard, Hilger and Lindsay, quoted one of the eminent American authorities as saying:

> "Practically, the general property tax, as actually administered, is beyond all peradventure the worst tax known to the civilized world. It puts a premium on dishonesty, debauches the public conscience. It reduces deception to a system, and makes a science of knavery; it presses harder on those least able to pay. It imposes double taxation on the one, and grants entire immunity to the next. In short, the general property tax is so flagrantly inequitable that its retention can only be explained through ignorance or inertia."

And yet this is the antiquated system under which Montana is attempting to carry on government today.

Practically all modern systems, state and national, recognize the equity of the graduated tax on incomes. This year Wisconsin collected from her income tax, $6,242,000; Missouri, $3,009,463; Massachusetts, $16,500,000; New York, $34,705,000; Montana, nothing.

In most of these states, the revenue from incomes is divided between state, counties and municipalities. I recommend an income tax for Montana, and call your attention to the provisions of the Wisconsin law, with the suggestion that it apply to all incomes in excess of $1,000.00 for single persons and $3,000.00 for married persons.

AN OIL TAX.

The outlook for the development of a great oil field in Montana is most encouraging.

Already the wealth from the oil sands in central Montana is flowing in a steady stream, and in the immediate future all the indications point to a tremendous output. It is one of our natural resources that will, in the very nature of things, soon be exhausted.

In many countries oil and other minerals are treated as wealth belonging to all the people. In the United States, we have recognized this hidden wealth that nature deposited in the bowels of the earth as belonging to the owner of the surface land.

Nevertheless, modern society is in agreement that this "unearned incre-

ment," as it were to the surface title should contribute a heavy toll to the state. I very earnestly recommend to your immediate attention action looking to turning a natural revenue into the exhausted treasury of Montana's State government from this source.

In order to avoid the many pitfalls attendant from the collection of a tax based on "net proceeds," I believe that Montana should for itself take not less than 3% of the gross returns from its own oil fields, based on quarterly returns.

I believe that all this revenue should go directly to the State, in the hope that the State in return may be able to release to the counties all claim upon the general property tax now levied by the State.

COAL TONNAGE TAX

Under our constitutional provisions, enacted 31 years ago, the taxation of mines was limited to their "net proceeds," plus the usual property tax on improvements.

While I realize the difficulties attendant upon an ad valorem tax on mines, I also am confronted with the inequalities and injustice of taxing our great mining industry almost exclusively upon "net proceeds," while the dry farm lands of the State, from which the owners have realized no "net proceeds," are taxed upon their value.

I believe the wide-spread feeling over the State that this dual form of taxation bears with uneven weight against the dry farming sections, which are now literally staggering under heavy taxation, at a time of severe depression, is basically the cause of much of the feeling of bitter discontent.

The further fact that most of our coal mines, which last year produced in excess of 3,000,000 tons of coal, are owned and operated as subsidiary corporations of the Northern Pacific and the C., M. & St. Paul and the Great Northern Railway Companies, and, as such subsidiary companies, they show little "net proceeds," leads many people to believe that this phase of our industrial life is not carrying its full proportionate share of the burdens of government, as compared with other forms of wealth.

I herewith submit figures showing what amount of "net proceeds" were returned for taxation for 1920 by the coal mining industry of the State.

CARBON COUNTY (Incomplete)

	Tons	Value of Product	Amount "Net Proceeds" Returned for Taxation
Northwestern Improvement Co.	909,178	$2,386,954	$ 73,964
Anaconda Copper Mining Co.	147,141	366,068	None
Montana Coal & Iron Co.	243,805	715,580	52,213
Bear Creek Coal Co.	95,909	281,757	None
Eagle Coal Co.	12,318	29,451	None
Smokeless-Sootless Coal Co.	34,317	105,879	None
	1,442,668	$3,885,689	$126,177

FERGUS COUNTY (Incomplete)	Tons	Value of Product	Amount "Net Proceeds" Returned for Taxation
Cottonwood Coal Co.	283,554	$ 929,533	None
Three Forks Portland Cement Co.	85,934	475,738	$108,217
	369,488	$1,405,271	$108,217

MUSSELSHELL COUNTY (Incomplete)			
Republic Coal Co.	553,361	$1,336,542	$ 26,725
Roundup Coal Mining Co.—Mine	334,151	1,007,086	11,679
Independent Mine	9,320	39,703	None
Star Coal Co.	32,125	82,812	None
	928,957	$2,466,143	$ 38,404

TOTALS			
Carbon County	1,442,668	$3,885,689	$126,177
Fergus County	369,488	1,405,271	108,217
Musselshell County	928,957	2,466,143	38,404
	2,741,113	$7,757,103	$272,798

In other words, from these 2,741,113 tons of coal, of the value of $7,757,103, at the time, on the basis of 2½ mills levy for State purposes, exclusive of surface improvements, the State government received for taxation in 1920 the sum of $682.

If these things be true, would it be inequitable to levy a coal tonnage license fee of 10 cents per ton for the support of State government and a corresponding license on cement plants, the same to be paid quarterly? I commend this to your earnest consideration.

METALLIFEROUS MINE TAXATION.

By the same provision of our constitution, taxation of metalliferous mines is also limited to a tax on "net proceeds" plus the regular property tax on improvements.

We all take just pride in the great development of the mining industry in Montana. Certainly no sane man would want to see it hampered in any way by unjust legislation or inequitable taxation. We want to encourage it in every legitimate way. We realize that at this time it is facing a period of industrial depression along with all our other industries.

I herewith submit a table, showing the amount of taxes paid by the metalliferous mines of Silver Bow county during the past five-year period.

STATEMENT OF THE ASSESSMENT AND TAXES LEVIED ON NET PROCEEDS OF MINES IN SILVER BOW COUNTY FOR THE YEARS 1916 TO 1920, BOTH INCLUSIVE.

Year 1916

Company	Net Proceeds	Taxes
Anaconda Copper Mining Co.	$14,363,880	$429,223.56
Butte & Superior Mining Co.	10,497,080	312,812.98
North Butte Mining Co.	1,229,340	36,634,33
East Butte Copper Mining Co.	1,070,070	31,888.07
Elm Orlu Mining Co.	495,755	14,773.51
Totals	$27,656,125	$825,332.45

Year 1917

Company	Net Proceeds	Taxes
Anaconda Copper Mining Co.	$36,010,540	$982,427.72
North Butte Mining Co.	2,050,870	55,988.76
East Butte Copper Mining Co.	1,257,210	34,321.82
Elm Orlu Mining Co.	867,330	23,678.10
Butte & Superior Mining Co.	3,941,755	107,609.92
East Side Mining Co.	35,265	962.73
Butte Copper & Zinc Company	119,530	3,024.12
Totals	$44,282,500	$1,208,013.17

Year 1918

Company	Net Proceeds	Taxes
Anaconda Copper Mining Co.	$14,039,000	$420,376.90
Elm Orlu Mining Co.	43,790	1,304.95
East Butte Copper Mining Co.	295,360	8,801.73
Davis-Daly Copper Co.	393,025	10,926.10
Butte & Superior Mining Co.	834,500	24,808.10
Butte Copper & Zinc Company	227,495	6,324.35
Totals	$15,833,170	$472,542.13

Year 1919

Company	Net Proceeds	Taxes
Anaconda Copper Mining Co.	$ 1,802,880	$ 76,030.57
Davis-Daly Copper Company	196,065	7,641.62
Butte Copper & Zinc Company	549,610	21,412.06
Butte & Superior Mining Co.	67,920	2,783.02
Butte-Bullwhacker Mining Co,	12,700	520.38
Mines Operating Co.	5,895	241.55
Totals	$ 2,635,070	$108.629.20

Year 1920

Company	Net Proceeds	Taxes
Anaconda Copper Mining Co.	$ 3,282,270	$148,396.03
Davis-Daly Copper Mining Co.	485,565	19,812.63
Elm Orlu Mining Co.	337,675	15,186.93
Butte Copper & Zinc Co.	83,545	3,423.26
North Butte Mining Co.	917,370	41,258.72
East Butte Copper Co.	150,090	6,750.30
Totals	$ 5,256,515	$234,827.87

Recapitulation

Year	Net Proceeds	Taxes
1916	$27,656,125	$ 825,332.45
1917	44,282,500	1,208,013.17
1918	15,833,170	472,542.13
1919	2,635,070	108.629.20
1920	5,256,515	234,827.87
	$95,663,380	$2,849,344.82
Total taxes paid to Silver Bow County and its legal sub-divisions in 5-year period, 1916-1920, inclusive	$2,576,148.04	Pet cent 90.41
Total taxes paid for use of state of Montana in 5-year period, 1916-1920, inclusive	273,196.78	9.59
	$2,849,344.82	100.00
Percentage of total net proceeds of Mines in Silver Bow County paid as property taxes for period of 5 years, 1916, 1917, 1918, 1919 and 1920		2.9785 per cent

I do not wish to give the impression that it is easy to determine whether the present system of mine taxation casts upon that industry its fair share of the burden, nor to doubt that the mining interests are sincere in their belief that they are paying proportionately as much as the owners of other classes of property. The totals in state and local taxes paid by the mining interests are large. I have not the figures for all of the companies, but the following table shows the amount paid in property tax by the largest mining operator, the Anaconda Copper Mining Company, for the five years from 1916 to 1920:

	State Tax	County and Municipal	Total
Year 1916	$ 87,671.00	$ 891,951.21	$ 979,622.21
Year 1917	155,697.00	1,501,931.59	1,657,628.59
Year 1918	104,991.00	1,002,964.59	1,107,955.59
Year 1919	59,042.00	749,950.66	808,992.66
Year 1920	58,461.00	920,085.63	978,546.63
	$465,862.00	$5,066,883.68	$5,532,745.68

In addition to the net proceeds tax, mines are taxed upon their surface value and also upon the value of their improvements. These mining, smelting and milling improvements necessarily depreciate in value with the exhaustion of the mine, and upon abandonment of the mine there is left but their salvage value. Where they are taxed at their full value, as in Montana, without allowance for this depreciation, there is merit in the contention that they bear a proportionately heavier burden than the ordinary building or improvement. I understand that under the Federal income tax it is the practice to allow each year a deduction for depreciation for these mining industry buildings, machinery, etc., at a rate which will equal their full original cost within the life of the mine, less such salvage as may be found at the end.

The figures as to the one large mining operator above referred to show that in the years 1917, 1918 and 1919, that company paid in taxes to the state for State General Fund Purposes, including the state license tax, the sum of $1,185,824.00, or 20.13 per cent of the total amount so collected by the state for such purposes.

In addition to the property taxes above referred to, this mining company paid upon the one percent corporation license tax the following amounts in the years 1917, 1918 and 1919:

	One percent Corporation License Tax
Year 1917	$428,855.00
Year 1918	267,224.00
Year 1919	170,013.00
	$866,092.00

In fairness to the mining interests, I call attention to the large percentage of the corporation license tax paid by the mining corporations.

In the year 1917, the total collected by the state on this one percent license tax was $786,457.00; of this amount six of the Silver Bow county mining companies paid $553,545.00, or 70.27 percent.

In 1918 the total collected by the state was $557,758.00, of which these six mining companies paid $302,926.00, or 54.22 percent.

In 1919 the total collected was $392,954.00, of which the six mining corporations contributed $181,389.00, or 46.10 percent.

In these three years these six companies paid approximately 57 percent of the total collected.

In responding to this one percent corporation license tax, it may fairly be suggested that the mining companies are not in the same position as the ordinary trading or industrial business, corporations of the state. A substantial amount of the net returns upon which the mining companies' license tax is figured is made up of the value of the ore extracted; or, in other words, in part consists of a return of capital and not profits. This situation is clearly recognized in our Federal income tax law. Provision is made for the deduction from proceeds before arriving at net profits, of a reasonable amount for depletion of mines. In administering this income tax law, the Federal

authorities have adopted, for the purpose of determining the value of this ore or capital return, a formula adopted by Mr. Herbert E. Hoover, Mining Engineer, and one of our most eminent Americans, the method being known as the "Hoover Method of Mine Valuation." By this method the Federal authorities determine the amount of the capital which is exhausted through the mining of each unit of metal or ton of ore, and the total each year is deducted before figuring the net profits of the operator. In other words, it is recognized that the proceeds accruing from mining operation are in part the result of an exhaustion of its capital, and due allowance is made in distinguishing the difference between "net proceeds" and "net profits" in such operations as these terms are commonly used. I feel that this distinction is not generally understood, and it should be recognized in any action looking toward the imposing of a license or occupation tax on mining interests, or in working out other problems of mine taxation.

FAT AND LEAN YEARS

The most unfortunate thing about this system of "net proceeds" taxation of mines is that it does not produce an average yearly income as does the property tax from farms, live stock, city property, railways, and other property. For instance, during the prosperous year of 1917, the net proceeds tax yielded $1,208,013, while last year it only yielded $108,629, or about one-eleventh of the amount paid two years before.

Our neighboring state of Utah levies "three times" the net proceeds in lieu of our "one time" proceeds, and in order to guard against the fat and lean years, Utah levies upon a five-year average production.

I do not believe that under our present system of taxing the "net proceeds" our metalliferous mining industry bears its rightful burden of government in Montana. How to adjust it, I frankly confess, is a difficult problem.

The report of the Montana Tax Commission recommended the classification of property so as to carry different percentages of "full cash valuation" for the purpose of trying to equalize the burden.

Under the present law, based on their report, the "net proceeds" of mines carried at 100%, while other classes of property vary from 20 to 40 per cent. It is perfectly feasible, I believe, for this Legislature to exact a license tax for the sole benefit of the State government, as regards its metalliferous mines of the equivalent value of the present "net proceeds" tax and also change the present law, so as to equalize the "net proceeds" tax over a five-year period, and I so recommend.

You will notice from the foregoing table that the entire revenue received by the state government from the "Net Proceeds" tax of all the metalliferous mines in Silver Bow county, for the past five years, totaled only $239,158, or an average yearly income of only $47,831.

We all realize that the industrial conditions, that seemingly of necessity always accompany mining activities, produce in themselves a condition that makes for heavy expense in government.

The heavy loss in life and limb that follows the hazardous occupation of mining produces each year a new crop of widows, orphans, and crippled workers, who are thrown onto society, entailing a heavy economic burden.

The report of the manager of the state's Tuberculosis Sanitarium at Galen for the past year says: "Galen owes its origin to the large incidence of pulmonary tuberculosis in Silver Bow county." Further on he says: "In a total of 757 admissions, 425, or 56.1%, were from Silver Bow county;" and again, "The lion's share of the benefits of this institution is being secured by the county of Silver Bow, and as the sum of $5.00 per week represents a small portion of the per diem cost of $2.85 per day of maintaining a patient, it can readily be seen that the county of Silver Bow is obtaining considerable financial advantage from the present arrangement."

The expense to the state, in the last three years of existence of the Tuberculosis Sanitarium has been $383,952.

According to the report of the superintendent, 56.1% of this cost comes from Silver Bow patients, or $215,397, which, after the deduction of the $5.00 per week contribution from that county, leaves a net loss to the state of $161,546 for patients from that county.

During this same three-year period, the state received as its portion of the "net proceeds" tax from the mines of Silver Bow County only $59,250.

This item is only one that goes to make up the full cost sheet that is properly chargeable as the "by products" cost to society of the great metalliferous and coal mining industry of our state.

Surely an additional license tax, which would be the equivalent of the present "net proceeds," tax on metalliferous mines, to be paid directly into the State treasury, would neither be inequitable or a serious burden to that great industry, and I urge that such action be taken at this session.

AUTOMOBILE LICENSE.

The state is now engaged in a great work of constructing permanent trunk lines of road. Under the Federal Roads Law, the Federal Government is contributing one-half the cost of construction. The cost of maintenance will fall on the state alone.

Primarily, this good road movement is an automobile project. The automobile should at least bear the cost of maintenance.

Our present license fee for automobiles and trucks is the lowest in any state in the northwest. The license fee for automobiles is but a trifle when compared with the cost of operation.

I commend to you a perusal of the Washington law, regarding automobile licenses. It is not a burdensome one, and will increase our present revenue for maintenance of the roads about two and one-half times.

In this connection, I would also call your attention to the heavy cost under the present system of distributing the automobile tags.

It has been suggested that these plates might be distributed direct to the county treasurers for issuance to machine owners, thus saving to the state that large amount and possibly listing more automobiles for taxation with the assessors.

REVENUE FROM GASOLINE.

The state of Oregon is now collecting each year nearly one million dollars from a license fee on distribution of gasoline and distillate of one cent per gallon. Oregon registers about 103,000 machines, Montana about 60,000.

I know of no more certain and equitable way of adding probably half a million dollars each year to our revenues or collecting it from a source that is better able to bear the slight burden to the individual than the Oregon plan.

I urge its immediate adoption in Montana, but leave to your wise discretion the plan of distribution of the proceeds.

TAX COMMISSION.

The matter of equitable taxation is so important and far reaching, so vitally affecting every industry, community, and person that it should receive the earnest attention of this body

Our present system is obsolete, unscientific and unfair. It is leading into bankruptcy, social unrest and ultimate disaster. The truth is that no legislative body, such as this in Montana, or any other state, can solve the complex problem.

Neither you nor I have the knowledge nor the technical information nor training to work out any co-ordinated system of taxation, during the busy days of a legislative session.

In no department of government are we so forced to rely on patient investigation by trained investigators if we are to accomplish anything of permanent value.

In the matter of taxation, Montana has lagged in the very rear of all the other states.

I cannot too strongly urge upon you the imperative and immediate necessity of creating a permanent Tax Commission of three members. They should be given a six-year term, so as to get the benefit of their real services. They should be appointed by the Executive and subject to removal by him, and not left to the haphazard selection of a primary and election. The salary should be at least $5000, and $6000 would be better, so as to enable us to find highly competent men for the place.

In urging this matter, I realize that such a tax commission can, under our present constitutional provision, only be advisory and supplemental to the present State Board of Equalization during the next two years, or until the constitutional amendment proposed in the Report of the Tax and License Commission in 1918 can be submitted and adopted.

DOUBLE PRESENT FILING AND RECORDING FEES

The Secretary of State now collects about $90,000 annually for filing fees. This revenue could easily be doubled without working a hardship on anyone. Oregon now collects $400,000 from this source.

The filing, recording and marriage license fees in the county could yield double the present revenue by the same process, and to that extent relieve the extra heavy burden now being borne by all classes of farm and city real estate.

For the class of service rendered, the preset fee system in these offices is entirely too low.

COMMISSION GOVERNMENT FOR COUNTIES

Efficient government can only be had by concentrating responsibility in the hands of the fewest number of officials possible and then holding them responsible.

I am satisfied that much of our present heavy county indebtedness and extravagant waste of public moneys in local government has come from the present system of loose county governments. My judgment is that a heavy reduction in local expenditures and taxation can be made if you will only change the present system of county government for a modern business system of administration.

Over in Missoula, just ten years ago, we found our city government overburdened with employees, with expense piling up from every quarter, with an annual deficit approaching $30,000 per year. We had exceeded our constitutional limit of indebtedness by many thousands and the community faced inevitable bankruptcy.

We had been running our city affairs on the old political organization plan. Each two years we would put up political nominees for mayor, treasurer, city attorney and two aldermen from each ward. Whichever political organization succeeded in electing its ticket and a majority of the council would immediately proceed to "fire" the chief of police and the entire police force. Then we would oust the fire department, the city clerk, and on down to the city dog catcher.

The old-time political hangers-on would demand that their teams should be employed in grading the streets and other odd jobs. We even saw that the city hay and oats for the fire teams were bought from stores whose owners were politically supporters of the city officials.

Instead of running our local community business affairs on a pure business basis, we had been running them on a political basis. Only threatened municipal bankruptcy drove us into a change.

In an awakened consciousness of the impending danger, we determined to try out the "Commission Government" plan of carrying on our community business of paving streets, laying sidewalks, cleaning the streets and alleys, insuring a sufficient water supply and other matters of community interest.

Some among us deprecated the thought of changing the old for the new and others insisted that the whole thing savored of socialism.

But we made a change by a substantial majority of the voters. That was in 1910. We elected three men, whom we style city commissioners, one of whom carried the title of mayor. To these three men is entrusted the entire direction and control of our municipal business. One of them acts as

street commissioner and gives his entire time to that work. Another acts as police commissioner and has entire charge of maintaining law and order. The mayor has charge of the entire clerical force of the city. After the morning session, they go to work, the same as any other employees.

They select and employ all city employees on the sole basis of fitness for the work they are to do. We never hear party politics mentioned in connection with city affairs and I do not believe a man's politics is ever thought of in hiring and discharging employees any more than it is by any business concern doing business in Missoula.

In electing the commissioners themselves, I have never seen an election held where the party politics of the various candidates was even discussed by the voters. In the nine years that have elapsed since Missoula went under commission form of government, I have yet to hear the first suggestion of corruption or crooked dealing by the commissioners. They know that their continuation in the office rests absolutely on their record as trustees and honest administrators of our community affairs.

After having had nine years' actual working experience with the system, I believe I am safe in saying to you that not one taxpayer in ten in Missoula, at this time, would wish to return to the old inefficient, cumbersome political system under which we formerly operated.

That which has been accomplished under commission government in the city of Missoula can be duplicated in the county government of every county in Montana.

There is no sound business reason why the taxpayers should pay each year from $5,000 to $20,000 per county for enforcing the criminal processes of the courts, through the expensive system of sheriffs, as now constituted.

There is no sound business reason why the various counties should be compelled to maintain a large force of high-priced elective county officials, whose duties are purely clerical.

A BUSINESS PLAN

Elective officials, under the present political plan, call for a much greater number of deputies than if the work of the county was carried on as a business, divorced from politics, where all of the business of the county should be centered in three competent men, who would have entire power to direct the entire business of the county, through employees selected and employed on account of their personal fitness for the particular work to be done, in exactly the same way that all successful business is conducted.

Under this plan, when work was slack in one department, the employees could be shifted to another, and vice versa.

Applying the commission plan to county government, let one of the three elected commissioners be directly in charge of road and bridge work, another directly in charge of enforcing the criminal and the civil processes of the courts and the chairman of the board directly in charge of all the clerical work.

APPLIED TO STATE GOVERNMENT

My own judgment is that a very general application of this same plan to our state government in Montana would be productive of great good and bring about tremendous economy in the administration of state affairs.

There is no more argument for electing the Secretary of State, Clerk of the Supreme Court, Auditor, Treasurer and Superintendent of Public Instruction than there is for electing by vote of the people, at the presidential election, of our Secretary of State at Washington, the Secretary of War, Navy, Commerce, Labor, Interior, and Postmaster General.

These are most appropriately selected by the President, as should all the purely administrative and clerical positions at Helena be selected by the Governor. Then hold him responsible for their administration and good behavior.

The most plausible argument advanced against the present primary law is that the voters cannot know the personal qualifications of the long list of candidates for the various minor elective state officials.

Of course they do not, but they do have an opinion regarding the merits of the candidate for Governor and Senator and Congressman.

Let us nominate and elect the Chief Executive of the State, then give him full power to name his assistants in administering the various departments of the state government, and we will know exactly where to place our finger in locating blame or praise. In that way only will we do away with this eternal pulling and hauling at Helena. In that way only will we get rid of these superfluous and overlapping jurisdictions of dozens of "state boards" and "commissions" with their army of tax-eating employees. In that way only can Montana secure efficient, economical government for our state affairs.

The "Chinese Puzzle" of state government in Montana is yearly becoming more and more complicated. We will never solve it until we cut the Gordian knot and enact the "short ballot" for elective officials.

THE REMEDY

But how are you going to do these things, you ask. There is only one full solution.

Nearly all these cumbersome systems and superfluous offices have been fastened upon us by constitutional provisions. Our hands are largely tied in the matter.

I wish each of you would read the "Report of the State Efficiency Commission" as submitted to Governor Stewart by Messrs. Eliel, Lease and Fisk in 1919. You will then have a fuller understanding of the limitations of any real remedies without a series of amendments to our Constitution.

While I am of the belief that there should be convened a constitutional convention to take up these amendments in detail, in deference to the judgment of many good citizens that this may not be the opportune time for such action, I shall withhold my own judgment in the matter for the time being, in the sincere hope that we may be able to accomplish most of these things by submitting special amendments at this session.

If this Legislature should fail in its duty to rectify the glaring inequalities and correct the evils so universally recognized, while the forces of sanity and conservatism are so overwhelmingly in control, I frankly fear the aftermath.

I believe it is feasible to submit an amendment to the Constitution changing our county governments to the commission form, providing for a constitutional tax commission and also putting under one executive control the Public Service Commission of the State.

A DEPARTMENT OF AGRICULTURE

Montana's future development lies almost wholly in the development of its agriculture. Here lies our greatest problem. To the extent that farming and stock growing can be made profitable industries in Montana, to the same extent will the general business of the towns prosper—no more and no less.

The present extreme depression existing in the farming sections of the state is reflected in a direct ratio in every mercantile and banking institution of the state.

How to help remedy the disaster that threatens tens of thousands of the farmers of Montana is the supreme duty of the hour.

Practically every other line of industry has been organized into some form of economic union, with concentrated power sufficient to demand and receive adequate compensation. The farmer buys in an open market and sells the product of his labor and capital as an individual. What all other elements of society are doing in some form of collective bargaining, the farmer is attempting to do in his individual capacity. If he received financial returns for his efforts, measured by the same yardstick of value as the other elements of society, his products would be doubled in value.

In the hope and belief that this Legislature can initiate the beginning of a better day for agriculture in Montana, looking essentially to better systems of cooperation in all phases of agriculture, I now propose that we establish a real "Department of Agriculture" in Montana's state government and place at its head the biggest man we can find in Montana for the work and thus make the department the head center of all agricultural activities looking to the encouragement and betterment of rural conditions and country life in Montana.

In this department, and under the direction of its head should be concentrated all of the work now being done by:

The Commissioner of Agriculture and Publicity,
The Live Stock Commissioners,
The Live Stock Sanitary Board,
The Dairy Commissioner,
The State Veterinarian,
The Board of Poultry Husbandry,
The Recorder of Marks and Brands,
The Board of Horticulture,
The State Fair,
The Grain Grading Commission,
The Stallion Registration Board.

The salary to be attached to the position of the proposed Secretary of Agriculture should be fully commensurate with the position.

FISH AND GAME DEPARTMENT

By natural endowment Montana should be the sportsman's paradise of the nation. The proper conservation and propagation of our wild life should bring not only recreation, but also great economic yearly returns to the people of the state. My own observation is that we have lamentably failed in the administration of this great natural heritage, through the system heretofore in vogue.

Under the present system, wild life, in all forms, is rapidly diminishing and many species are threatened with extinction.

I urge upon you the importance of immediately taking the Fish and Game Department completely out of and beyond the control of cheap, petty, party politics, and put it on the higher plane of a great public benefit to our state. Many of the states have already moved forward in that direction. There the name of deputy game warden no longer savors of political pull and payroll jobs only.

Oregon has apparently solved the problem by turning over the whole question to a small board of men who are earnestly and intelligently solving the question of propagating and conserving the wild life of that state with an eye single to the public good.

The entire matter of propagation, protection, open and closed season, the appointment of wardens, based on fitness and efficiency alone, is being worked out by them to the entire satisfaction of the people of the state.

The Legislature has been relieved of the eternal clamor for legislative action and the Governor relieved of the arduous job of deciding between the numerous applicants for deputy game warden jobs.

I recommend the adoption by you of a similar plan of full authority and control by a nonpartisan commission of five, to be appointed by the Governor and subject to removal by him for inefficiency, but of which board he shall not be a member.

WORKMAN'S COMPENSATION ACT

We are all in agreement as to the necessity for compensation for workmen killed or maimed in industry.

Great good has been accomplished under the provisions of our law. I believe that it should be amended in some particulars.

First: As enacted, it only includes certain occupations arbitrarily designated as hazardous, agricultural occupations being specifically excluded.

While the majority of employers in farming and livestock business are probably not desirous of being included within its provisions, (many of them are), I believe all those who desire to be covered by the law should be permitted to do so.

Second: Under the present law, medical and hospital services are provided for only two weeks and the amount paid to $50.00. In the case of major accidents, this is manifestly unfair to the injured workman.

Fortunately, many of the larger employers of labor in Montana, like the mining and lumber companies, have hospital contracts which guarantee unlimited medical and hospital attention to their employees.

I think it would be unwise to make the amount unlimited as is the case in some states, but I do feel that a more liberal allowance should be made than under the present system.

In this regard Montana stands at the foot of the list of other states. I believe $100 for medical and hospital service should be allowed and that in major cases a larger sum.

Under the law only $75.00 is allowed for funeral benefits. Thirty-nine other states allow a greater amount. Our own records show that in 782 death cases the funeral expenses approximated $200.00. The present allowance of $75.00 should be doubled.

Third: Under the law the waiting period is fixed at 14 days. But, no matter how severe the injury, the unfortunate victim never receives compensation for these first two weeks.

Nearly all the states abolish the waiting period, when the disability extends for a considerable time.

As a matter of fairness, Montana should do likewise.

PRIMARY LAW

Fully believing in the principle of the primary law and the short ballot, I believe the law should be amended, so as to require each political group to confine its activities to its own party nominations.

We have recently seen the whole spirit of the primary law deliberately violated by its most vociferously proclaimed champions, who, by their acts, have done more to discredit the law in the minds of many who were kindly disposed towards it, than have its avowed opponents.

I would advise amendments to the present law:

First. The primary ballots to be printed on separate sheets and not attached together as under the present system.

Second. The voter shall be handed only that political party ballot which he requests of the judges; and if challenged by any one of the judges or the official challenger of such political party, as to his political affiliations, he shall then be required to make written oath that he, in good faith, intends to act and affiliate with the political party in the following general election.

In suggesting this plan of challenge, instead of a registered political primary, I do so with the conviction that a great percentage of voters, who in fact do hold real party affiliations, will not in actual practice take the trouble to register political affiliation alone and to avoid the heavy cost of an entire new registration for the state. After mature consideration, I believe this plan will, in actual results, achieve the purpose intended.

Third. Provide for a revolving alphabetical ballot, in order that no advantage may be had by reason of the alphabetical position of any name on the ballot.

Fourth. Provide for a combined presidential preference primary and the selection of delegates to national conventions, in presidential years, with the regular nominations for county and state officers. This primary date can with safety be fixed as late as May 25th in presidential years. The law should also provide for the election of national committeeman at the same time.

Fifth. Reduce the number of sample ballots to one-fifth of the present requirements and reduce the official ballots to one-half the number now provided.

LEGISLATIVE REAPPORTIONMENT

The Constitution provides for a reapportionment of representatives in the Legislature "at the session next following" the Federal census.

The present membership of the House of Representatives is entirely too large for efficient work and should be materially reduced in number.

Oregon, with a population nearly double our own, limits the membership of its senate to thirty and the house to sixty.

The last session of the Oregon legislature cost $80,000; Montana's $165,000.

CONGRESSIONAL DISTRICTS

At the recent election there were cast for congressman in the First Congressional District, 59,417 votes; in the second district 105,680 votes.

There should be a sufficient number of counties detached from the second district and attached to the first district to adjust this great discrepancy.

HUMANE AND PROBATION OFFICERS

There are many officials in the state with overlapping jurisdictions and whose duties are duplicated.

This is particularly the case with the probation officers, deputy humane officers, the Parole Commissioner, the officials of the State Board of Health, and, in an unofficial way, by the salaried agents of the Montana Children's Home Society.

Surely here is a needless expenditure of many thousands of dollars each year in the way of salaries and travel expenditures that should immediately be rectified by you.

PROHIBITION

The 18th Amendment of the Federal Constitution is an accomplished fact. Prohibition of the sale of intoxicating liquors is now written into the Constitution of both state and nation. It is now the duty of all law abiding citizens of the state to obey that law. As Governor of the State, I shall, to the best of my ability, endeavor to enforce that law, in exactly the same manner that I shall endeavor to enforce all other laws.

As members of the legislative branch of government, it becomes your duty, by appropriate legislation, to reinforce the present statutes enacted for

its enforcement in every sane way that the experience of the past three years seems to justify.

I believe that most of the peace officers in the various counties have, in good faith, attempted to enforce it. In some localities they have not.

It is common rumor that "bootlegging" is being carried on in many sections. It is my judgment that a State Enforcement Officer, backed up by a modest appropriation, working in conjunction with the Federal officials that are already detailed for similar work in Montana, will be of real value in the suppression of the illegal traffic. In this connection, it is of interest to note that the recent report of the Warden of the Penitentiary shows that the number of prisoners in that institution decreased, during the past three years, from 698 to 410.

While I have no complete tabulations for the entire state, I am satisfied that the number of prisoners in the jails of the state have decreased, under prohibition, more than one-half.

A STATE SHERIFF

The preservation of law and order is the first duty of all government. Unless the lawful authorities have power to enforce the law, government ceases to function and mob rule and violence are instituted in its stead.

The national government enforces its decrees through its United States marshals, and, in case of widespread disorder, riot or rebellion, through its military arm.

The courts enforce their decrees by means of the sheriffs, state governments through the local peace officers, if possible, and otherwise through the state militia.

Experience has proven that the latter method is slow, cumbersome and expensive. In addition, Montana has no state militia.

At this time, the state executive has no means of suppressing serious disorders or riots that may at any time arise in this state, except by an appeal to the Federal government for regular troops.

Such an anomalous condition of affairs should not be permitted to exist. It invites trouble at any time and possible serious consequences.

There are at this time in Montana probably 500 sheriffs, deputy sheriffs, game wardens, stock inspectors, and policemen, already on the payroll of the state, county and municipal governments, but who are not under any single authority or control.

I believe it is entirely feasible to make this whole body of men effective for immediate service and action for the suppression of any extraordinary trouble or threatened danger against law and order in any part of the state, that could not be handled by the local authorities, either through insufficiency of the local police, or inefficiency of the local officers.

I further believe it feasible to endow the State Warden with such power and authority of absolute superior command of all the enumerated local peace officers as to enable him, under direction of the Governor, to immediately control and suppress riot or threatened disorder in any local community.

I suggest this plan in order to avoid the expense of any separate payroll force.

Many states have already adopted some similar plan for maintaining law and order.

Notwithstanding the prejudice that may exist among some people against any method of State control, I can conceive of no legitimate objection upon the part of any man, unless there be present in his mind the latent desire to resort to mob violence on his own part, should the occasion arise, when he would not hesitate to attempt to override the legal authority of the State.

It is common report that certain great industrial concerns now maintain private armed forces of their own, under the belief that they are compelled to do so for the protection of their property.

This condition of affairs is a sad commentary on our state. Such a thing might be justified in a state of society and government like Mexico or Haiti, but not in Montana.

The State of Montana ought to be the only sovereign power within its own boundaries. It is a travesty upon civilized government to permit such a condition of affairs to exist in this state.

If government is to be respected, it must be brave enough and strong enough to protect life, limb, and property of every citizen alike, whether he be rich or poor, weak or strong. Every person or corporation within Montana ought first to obey the law and in return the State should see that the whole power of government is exerted to protect the rights of person and property under the law.

STATE PURCHASING AGENT

The State of Montana, for its various institutions, is one of the largest purchasers of goods in the state.

These purchases are now being made by dozens of people, acting on their own individual judgment and with no common purpose.

Many of the states have provided a Purchasing Agent, with full power and authority to make purchases of all supplies required by the State. Experience has proven that great economies may be accomplished by buying all state supplies in quantities by the employment of an experienced man.

Twice have former executives called attention to this matter, but nothing has ever been done regarding it.

OIL INSPECTION

Montana is one of the few states that has no adequate standard for oil grades. Great complaint is heard regarding the character of gasoline and oil sold in the state. Many people are of the belief, whether true or false I do not know, that Montana has been made the dumping ground for low-grade gasoline. I believe this should be remedied.

FARM LOAN DELINQUENCIES

I would be remiss in my duty were I not to call to your attention the alarming condition that confronts us in the matter of wide-spread delinquencies of interest payments on the state investments in farm loans.

On November 30, 1920, there was invested of the Common School Permanent Fund in—

Farm Loans	$4,267,470.00
School District Bonds	1,892,193.36
U. S. Liberty Bonds	980,000.00
	$7,139,663.36

The records show that on that date, of the total investment of $4,267,470 in farm loans, the delinquent loans amounted to $1,334,650, or the equivalent of 31.29%.

The total number of farm loans outstanding is 2133, and of this number 651 were delinquent.

The total interest received on these loans for the two years ending November 30, 1920, amounts to the sum of $231,320.82, while the amount of interest delinquent was estimated at $129,381.15, or the equivalent of 33.1%.

During the year ending November 30, 1920, there was invested in farm loans $1,056,600, as against only $56,000 in school district bonds, although during the same period there were offered and denied 75 applications for the purchase of school district bonds aggregating $3,538,800.

The farm loan expense for the year was $28,846.67, all of which was paid out of the Common School Fund, which is permanently depleted to that amount. The Register estimates that 20% of this expense was for work in connection with rejected applications for loans.

It would seem that, as a matter of fairness, the law should be amended so as to require all applicants for farm loans to accompany their application with a deposit of the average sum required to defray the expense of examination, which I understand is about $20, in order to stop this continual depletion of the school fund.

It is well to also call your attention to the further fact that very many of the delinquent farm loans are also delinquent as to taxes, and nothing has been done toward protecting these loans from tax sale titles.

My judgment is that these matters may assume a very serious phase, and I believe this Legislature should take immediate steps to protect the interest of the Common School Fund of the children of the State from possible loss.

In this connection, I would say that the Montana State Teachers' Association has been of real service in bringing the facts in the case to my personal attention.

DISBURSEMENTS BY THE GOVERNOR

In accordance with the provisions of the Constitution, I submit the following statement of moneys belonging to the state and received by the Governor,

and by him paid to the State Treasurer, for the biennial period ended November 30, 1920.

25 per cent Forest Reserve receipts	$183,060.00
5 per cent Public Land sales	34,937.32
Total	$217,997.32

VETERANS' WELFARE COMMISSION

The one outstanding promise in the Republican party platform was that regarding the welfare of the disabled soldiers.

At all hazards, that promise must be carried out. Our first duty is "to care for him who shall have borne the battle."

I believe the Veterans' Welfare Commission work has been well done and that it has been a vital thing in caring for and safeguarding the wounded and disabled men. It has been of great value in the matter of vocational rehabilitation, war risk insurance and compensation.

Its funds have been carefully administered and there still remains a considerable balance of unsold bonds.

I trust provision will be made for keeping the commission alive until its work is completed.

Later on, I hope to submit to you a detailed account of the relief to disabled soldiers that has been extended by the commission.

AN OPPORTUNITY TO HELP MONTANA

In conclusion, I congratulate you upon the present opportunity of rendering real service to Montana. The people of the State were never so ready for a constructive program.

For the first time in twenty years, the entire state government is in the hands of a united political party. Failure to accomplish results cannot now be shifted upon other shoulders than our own.

It is notorious that state, county and city government in Montana has lagged behind private corporations in adopting business methods of efficiency and economy.

The people are impatient for a change in the present unwieldy and wasteful system. This Legislature should eliminate every unnecessary board, commission and office, and concentrate authority and responsibility in public affairs in exactly the same way that you would in your private affairs.

This Legislature, itself, should first set the example in the elimination of every superfluous employee and contingent expense that is not absolutely necessary for the transaction of the business of the session. I believe here is a fertile field for a new legislative record.

Let all of us, so far as the limitations of human nature permit, eliminate the petty things of politics and partisanship and work together in a sincere spirit of doing the bigger things for Montana. Only by so doing will we justify the faith reposed in us by the people of Montana last November.

JOS. M. DIXON, Governor.

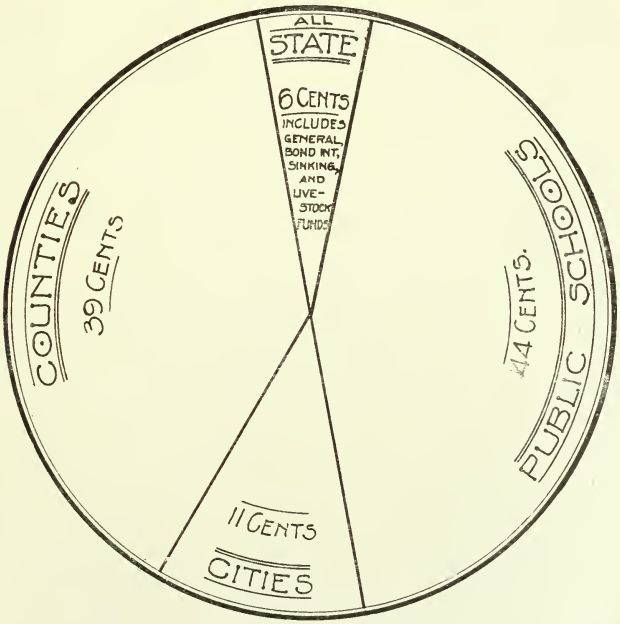
Helena, Mont., Jan. 4, 1921.

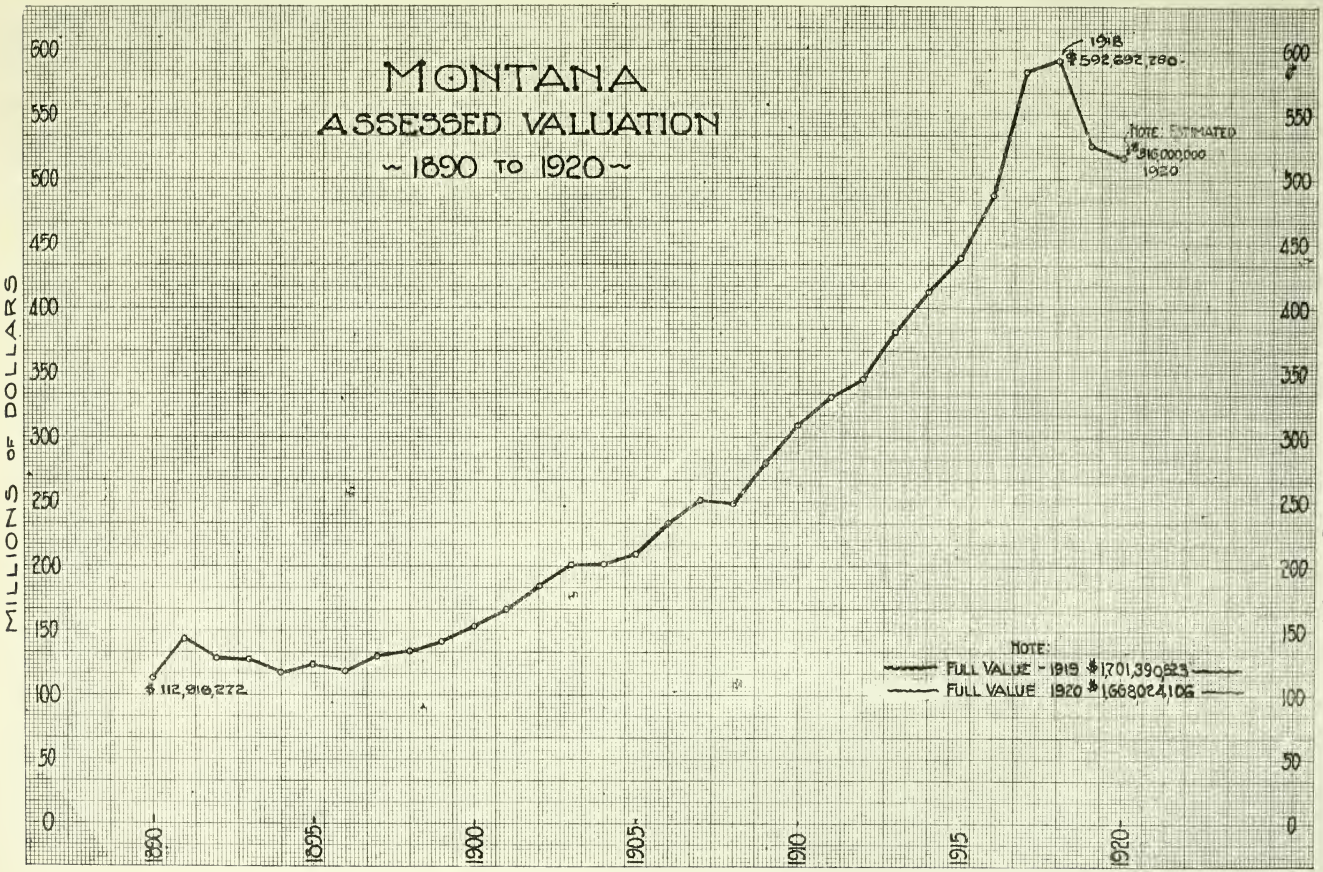
THE PLATES ON THE PAGES THAT FOLLOW ARE INCLUDED TO SET FORTH CERTAIN DETAILS OF THE GENERAL RESULTS EMBRACED IN THE MESSAGE.

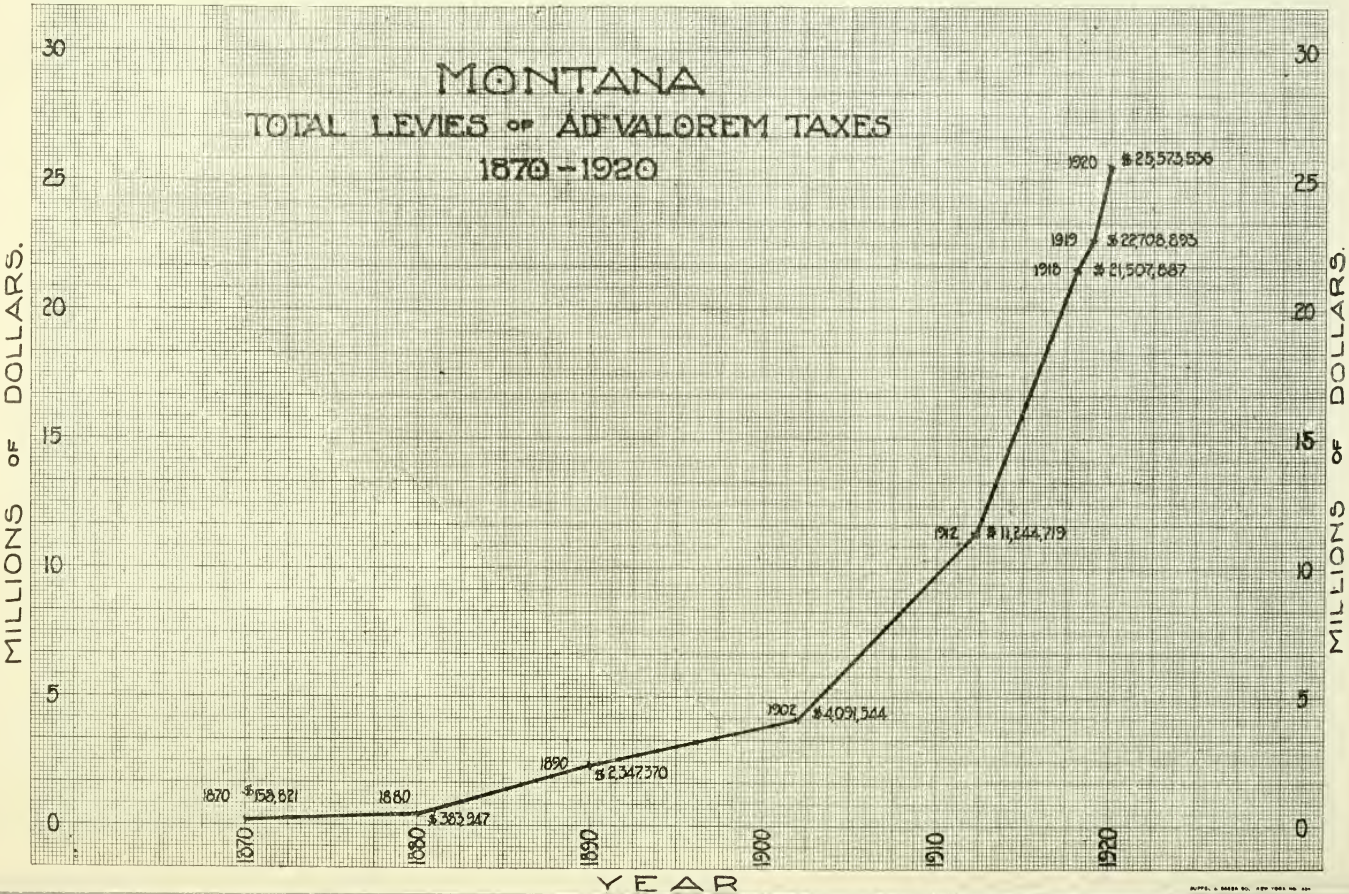
MONTANA

WHERE THE TAX PAYER'S DOLLAR GOES

-YEAR - 1920.-




MONTANA
ASSESSED VALUATION
~ 1890 TO 1920 ~
MILLIONS OF DOLLARS
600
550
500
450
400
350
300
250
200
150
100
50
0
1890
1895
1900
1905
1910
1915
1920
1918
$592,882,280-
NOTE: ESTIMATED
$516,000,000
1920
$112,916,272
NOTE:
FULL VALUE - 1919 $1,701,390,823
FULL VALUE 1920 $1,668,024,106


MONTANA
TOTAL LEVIES OF AD VALOREM TAXES
1870 - 1920
MILLIONS OF DOLLARS.
MILLIONS OF DOLLARS.
YEAR
0
5
10
15
20
25
30
1870
1880
1890
1900
1910
1920
1870 $58,821
1880 $382,947
1890 $2,347,370
1902 $4,091,544
1912 $11,244,719
1918 $21,507,687
1919 $22,708,893
1920 $25,573,536

MONTANA

PER-CENT INCREASE PROPERTY TAXES

FROM 1918 TO 1920.

PER CENT INCREASE

-10 -5 0 5 10 15 20 25 30 35 40 45 50 55 60

POWDER RIVER
CUSTER
RICKLAND
SILVER BOW
BEAVERHEAD
MADISON
LEWIS & CLARK
GRANITE
MUSSELSHELL
STILLWATER
MEAGHER
CARTER
BLAINE
CHOUTEAU
PRAIRIE
JEFFERSON
PHILLIPS
DEER LODGE
HILL
LIBERTY
BIG HORN
GALLATIN
MISSOULA
CARBON
ROSEBUD
TREASURE
WIBEAUX
FALLON
YELLOWSTONE
SHERIDAN
ROOSEVELT
SWEETGRASS
VALLEY
RAVALLI
BROADWATER
TOOLE
CASCADE
MINERAL
FERGUS
WHEATLAND
TETON
GLACIER
PONDERA
SANDERS
LINCOLN
DAWSON
GARFIELD
MCCONE
PARK
FLATHEAD

PER CENT INCREASE

-10 -5 0 5 10 15 20 25 30 35 40 45 50 55 60

MONTANA

PER CENT DECREASE IN TAXES FOR STATE PURPOSES EXCLUSIVELY.

WHICH INCLUDES GENERAL, SPECIAL BOND INT., SINKING & LIVESTOCK FUNDS.

FROM 1918 TO 1920

PER CENT DECREASE

5 0 5 10 15 20 25 30 35 40 45 50

FERGUS
SANDERS
FLATHEAD
MINERAL
YELLOWSTONE
PHILLIPS
STILLWATER
LINCOLN
JEFFERSON
CASCADE
GLACIER
TETON
PONDERA
GALLATIN
POWELL
DAWSON
GARFIELD
MCCONE
WIBEAUX
MISSOULA
WHEATLAND
PARK
RAVALLI
BROADWATER
CHOUTEAU
VALLEY
LIBERTY
HILL
DEER LODGE
BLAINE
GRANITE
TREASURE
ROSEBUD
BIG HORN
MUSSELSHELL
SWEET GRASS
PRAIRIE
SILVER BOW
LEWIS & CLARK
TOOLE
MADISON
RICHLAND
FALLON
CARTER
BEAVERHEAD
GARFIELD
POWDER RIVER
CUSTER
SHERIDAN

5 0 5 10 15 20 25 30 35 40 45 50

PER CENT DECREASE

MONTANA

PER CENT INCREASE IN COUNTY TAXES

— FROM 1918 TO 1920 —

PER CENT INCREASE

0 5 10 15 20 25 30 35 40 45 50 55 60 65 70 75 80 85

POWDER RIVER
CUSTER
BEAVERHEAD
BIG HORN
RICHLAND
MADISON
STILLWATER
POWELL
GRANITE
PHILLIPS
BLAINE
MUSSELSHELL
JEFFERSON
ROSEBUD
TREASURE
MEAGHER
MINERAL
PRAIRIE
MISSOULA
GALLATIN
CHOUTEAU
YELLOWSTONE
DAWSON
GARFIELD
McCONE
LEWIS & CLARK
SILVER BOW
VALLEY
WHEATLAND
DEER LODGE
FALLON
HILL
LIBERTY
CARTER
FERGUS
PARK
WIBEAUX
ROOSEVELT
SHERIDAN
SWEET GRASS
SANDERS
BROADWATER
CASCADE
CARBON
TETON
GLACIER
PONDERA
RAVALLI
LINCOLN
TOOLE
FLATHEAD

PER CENT INCREASE

PER CENT INCREASE

MONTANA

PER CENT INCREASE IN SCHOOL TAXES

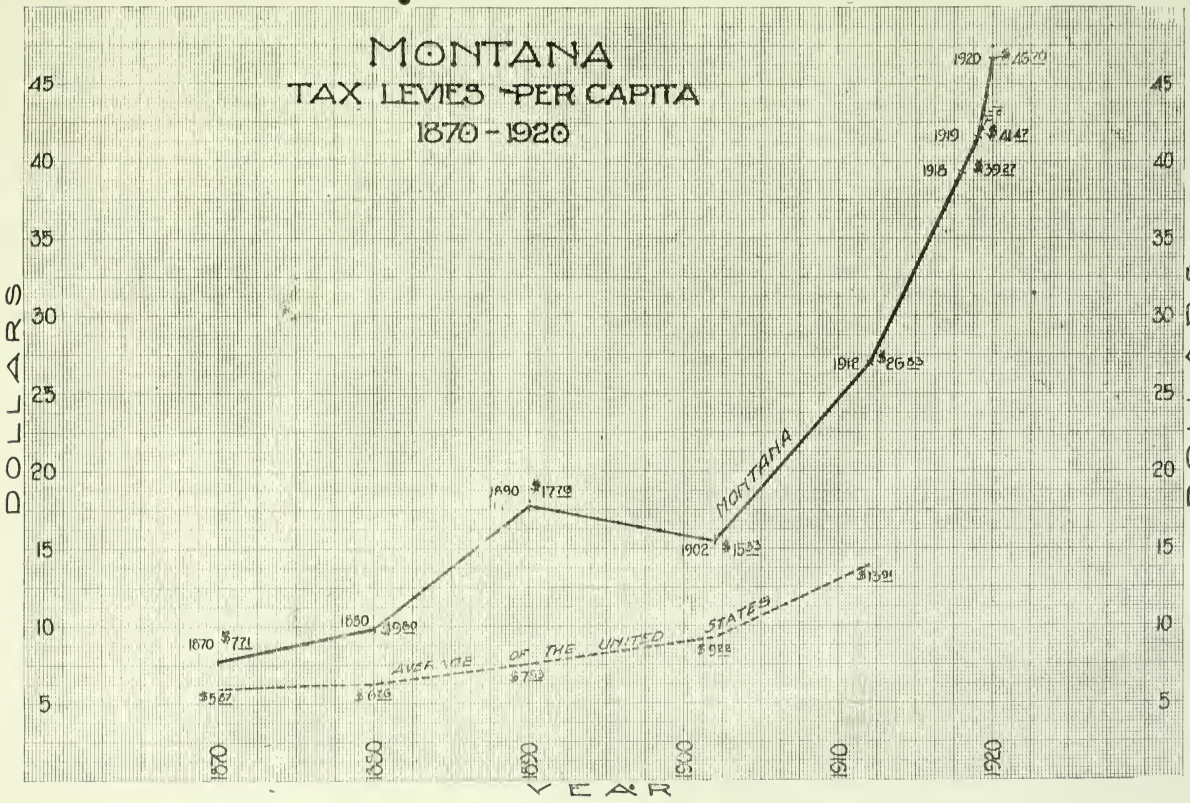
FROM 1918 TO 1920

10 5 0 5 10 15 20 25 30 35 40 45 50 55 60 65 70 75

SILVER BOW
GARFIELD
CARBON
HILL
LIBERTY
RICHLAND
BLAINE
CHOUTEAU
CUSTER
POWDER RIVER
MUSSELSHELL
GRANITE
LEWIS & CLARK
WIBEAUX
TOOLE
PRAIRIE
STILLWATER
RAVALLI
DAWSON
GARFIELD
MT-CONE
MEAGHER
JEFFERSON
FALLON
MADISON
GALLATIN
BROADWATER
LINCOLN
MISSOULA
PARK
ROSEBUD
TREASURE
SWEET GRASS
DEER LODGE
VALLEY
TETON
GLACIER
PONDERA
BEAVERHEAD
YELLOWSTONE
PHILLIPS
CASCADE
SANDERS
WHEATLAND
SHERIDAN
ROOSEVELT
FERGUS
FLATHEAD
BIG HORN
MINERAL

0 5 10 15 20 25 30 35 40 45 50 55 60 65 70 75

PER CENT INCREASE


MONTANA
TAX LEVIES PER CAPITA
1870 - 1920
DOLLARS
DOLLARS
YEAR
1870 $7.71
1880 $9.80
1890 $17.79
1902 $15.53
1912 $26.85
1917 $39.27
1919 $44.47
1920 $45.70
MONTANA
AVERAGE OF THE UNITED STATES
$5.67
$6.76
$7.93
$9.28
$13.91
1870
1880
1890
1900
1910
1920
5
10
15
20
25
30
35
40
45

MONTANA

PER CAPITA PROPERTY TAX BY COUNTIES

FOR YEAR 1920

DOLLARS

15 20 25 30 35 40 45 50 55 60 65 70 75 80 85 90 95 100

— State Average $44.28 —

SILVER BOW
POWELL
DEER LODGE
CARBON
ROOSEVELT
RAVALLI
STILLWATER
PHILLIPS
RICHLAND
MISSOULA
MADISON
GARFIELD
FLATHEAD
CARTER
HILL
BIG HORN
VALLEY
POWDER RIVER
SHERIDAN
BLAINE
JEFFERSON
GLACIER
DAWSON
CASCADE
LEWIS & CLARK
MCCONE
WIBEAUX
CUSTER
YELLOWSTONE
TETON
SWEETGRASS
FERGUS
BEAVERHEAD
LINCOLN
PARK
PRAIRIE
GALLATIN
MUSSELSHELL
CHOUTEAU
PONDERA
FALLON
TREASURE
BROADWATER
ROSEBUD
WHEATLAND
MEAGHER
LIBERTY
TOOLE
MINERAL
SANDERS

DOLLARS

15 20 25 30 35 40 45 50 55 60 65 70 75 80 85 90 95 100